Community Group Comments

Thank you for the opportunity for us to submit comments to be included in the report. The comments have been copied directly into this document as requested. They are included in blue font so that they are easily identifiable in the document (but we do not need or want them to be blue in the report).

Sincerely,
Central Illinois Healthy Community Alliance, Eco-Justice Collaborative, Metro East Green Alliance, Prairie Rivers Network and Steelworkers Org. of Active Retirees, SOAR Chapter 7-34-2

1) After yesterday's discussion, we have revised the outline of the final set of comments, which are due on January 30. Please see the final version of the outline below. It is our intention to use this same outline for the summary report that we are asked to provide to the Governor by February 26. The summary report will consist of the written comments we receive between now and January 30.
2) We hope to use your own words to reflect your position and that is why we are asking everyone to adhere to the length limits described below. If you go over these limits, we will likely end up with a report that is simply too lengthy to be called a summary report and we will have to shorten your comments. In the same vein, we may have to combine comments that are expressing the same position if the length of the overall report becomes an issue.
3) The outline reflects issues discussed in previous comments and we are not asking every party to provide comments on every topic or section.
4) Please keep the length of your comments to 500 words for any subsection (e.g., II. A. or III. C.) you are commenting on. If you exceed this, we may be forced to edit/summarize your comments to fit this limit.
5) If you want to also provide comments that exceed these limits (in addition to your comments under the limit), feel free to do so in a separate document. The final report will note those parties that filed a separate, longer set of comments and the report will describe how to access those comments via the ICC website.
6) Please provide your comments in this Microsoft Word document, if possible.
7) Even if you make no changes to comments that you have previously submitted, please add those comments to the relevant subsection in this document.
8) If you previously submitted comments and we receive no further comments from you by January 30, we will note in the final report that you have filed comments and how to access those comments via the ICC website.
9) All comments will be posted to our webpage at https://www.icc.illinois.gov/Electricity/workshops/MISOZone4.aspx

Resource Adequacy in MISO Zone 4

Outline for January 30, 2018 Comments

I. Resource Adequacy Standards

A. How should resource adequacy be defined and how does resource adequacy compare with or contrast with resiliency and reliability?

[Examples of issues under this question include: Does resource adequacy ensure reliability? What does "capacity shortage" mean? How does the resource mix/resource diversity/generator operating characteristics/generator attributes/fuel characteristics/fuel types/fuel sources etc. relate to resource adequacy?]

B. What entities currently address resource adequacy, how do they do so, and how sufficient are such current measures?

[Examples of issues under this question include: Does MISO's capacity construct ensure resource adequacy and, if so, how? What are ICC's reserve margin setting rights under MISO's Module E tariff? Does the Illinois Power Agency assure resource adequacy in Zone 4? Does MISO's system support resource designation process relate to or shed light on resource adequacy and, if so, how?]

II. Resource Adequacy Measurement

A. How much generation is currently available to meet Zone 4 resource adequacy requirements?

[Examples of issues under this question should include: How much generation is currently available and what are the market shares of such generation owners? What types of generation resources are available and in what proportions? What are the fuel sources of current generation and in what proportions? What are the ages and current conditions of current generation? What are the capacity factors of current plants? How do name plate and unforced capacity impact the ability of generation resources to meet Zone 4 resource adequacy needs? What generation is located within Illinois and what generation is outside Illinois and how does location impact availability or dependability?]

The evidence demonstrates that there is no resource adequacy problem in MISO Zone 4. MISO's own survey found that Zone 4 can expect a surplus of energy in every year examined (2018-2022). Their energy estimates include possible "capacity retirements" (e.g. coal plant closures), as well as "potential new capacity" (e.g. new wind and solar).

B. What generation resources formerly meeting Zone 4 resource adequacy requirements have recently been lost due to retirement, derating, declining capacity factor, or otherwise?

C. What current generation resources available to meet Zone 4 resource adequacy requirements are at risk of becoming unavailable going forward and what are the implications of the loss of such resources?

[Examples of issues under this question should include: Are there generating plants in Zone 4 that currently are "financially at risk" of shutting down? What are other reasons that existing generation may shut down? Is there data to support such an assessment? Is scenario modeling a reasonable approach for resource adequacy assessment? How does the loss of generation resources impact the capacity factors of remaining plants?

Are any current federal or state energy policies adding risk for existing Zone 4 generator owners? How should the expected timing of retirements be considered? How would the retirement of generating units, individually or collectively, impact local economies?]

Dynegy has indicated financial hardships at their plants, but has provided little to no data or proof to support their claims. Furthermore, when asked at a senate committee hearing if changes to the MISO market would guarantee coal plants stay open, Dynegy said, "No." Dynegy makes decisions that will benefit it's shareholders, not Illinois workers or communities.

Dynegy also fails to mention the advanced age of its generating units, many of which are near or above the average age (53 years) of coal plant retirement in the U.S. Hennepin's 2 units are 65 and 59 years old and Coffeen's 2 units are 46 and 53 years old. The Community Groups recognize that plant retirement will impact local communities, however near-term retirement is inevitable for many units due to age.

Instead of using scare tactics and threats of plant closure, Dynegy should be open and honest with communities about proposed timelines for plant closure. Proposed solutions for replacing the lost generation from retired coal fired power plants should not include market changes that prop up other aging coal-fired plants. Illinois should be pursuing solutions based on wind, solar, and battery storage.

D. What are the prospects for new generation resources becoming available to meet Zone 4 resource adequacy going forward?

[Examples of issues under this question include: How should resources within the current MISO interconnection queue be counted for purposes of assessing their value in meeting future Zone 4 resource adequacy needs? How will new renewables meet Zone 4 resource adequacy needs?]

Ten years ago, Illinois developed a renewable portfolio standard (RPS) that set a goal for Illinois investor-owned utilities to obtain 25% of their energy from renewable sources by 2025. The Future Energy Jobs Act (FEJA), a bipartisan clean energy and job-building piece of legislation which passed in December 2016, creates programs and incentives that stand to surpass that original goal. FEJA programs call for the installation of 1,350 megawatts (MW) of solar in Illinois by 2020, an increase from the state's current 75MW. By 2030, the goal is 2,700 MW.

MISO Zone 4 is not an island and has a high electricity import capability to access surplus, low cost generation in other MISO Zones. Furthermore, there are several new multi-value transmission projects in Illinois that will increase Zone 4's transfer capability. The projects will be completed soon and will further ensure the ability to maintain resource adequacy.

E. What non-generation resources are and may be available to meet resource adequacy and how do such resources impact resource adequacy?

[Examples of issues under this question include: How do distributed generation resources, demand response resources, energy efficiency resources, and storage resources meet Zone 4 adequacy requirements? How will P.A. 99-0906 impact resource adequacy in Zone 4?]

Energy efficiency programs put in place by FEJA are just rolling out. These programs are going to decrease energy demand, which MISO has projected to be nearly flat in the coming years. These programs should be allowed to play out before major market reforms are considered. The benefits of FEJA in terms of new generation and reduce demand should be modeled over the next few years to fully understand their impact on adequacy before any action is taken.

F. How well do existing programs and initiatives predict future resource adequacy?

[Examples of issues under this question include: How well does the OMS MISO survey address resource adequacy prediction? How well does NERC's 2017 Long Term Reliability Assessment address resource adequacy measurement in Zone 4?]

As described above, MISO's own survey found that Zone 4 can expect a surplus of energy in every year examined (2018-2022).

III. Market Design Impact on Resource Adequacy

A. What alternative opportunities are available to resources that could otherwise be used to meet resource adequacy in Zone 4 and how do these opportunities impact Zone 4 resource adequacy?

[Examples of issues under this question include: What opportunities do resources that could otherwise be used to meet resource adequacy in Zone 4 have to pseudo-tie or sell into non-Zone 4 capacity markets?]

B. How does the transmission system impact resource adequacy?

[Examples of issues under this question include: How are capacity import limits and local clearing requirements tied to the transmission system? What is the impact of the MISO south-to-north transfer limit? What is the impact of MVP lines? How does the size of external capacity resources potentially available to meet Zone 4 resource adequacy needs compare to the amount of transmission available to import such resources into Zone 4? What is the Zone 4 resource adequacy value of generation resources within the ComEd Zone of PJM relative to the Zone 4 resource adequacy value of resources in MISO zones outside Zone 4? What is the impact of new transmission designed to transport intra-state renewables?]

C. How do facilities owned by municipals and cooperatives affect resource adequacy?

D. How does bilateral contracting, self-supply, and fixed resource adequacy planning affect resource adequacy?

E. How do so-called out-of-market revenues (revenues separate and apart from those obtained in wholesale markets (e.g., Zero Emission payments or renewable energy credits) impact resource adequacy?

IV. Scope

A. Please provide commentary on any relevant substantive or process issue you believe has not been adequately captured in the Sections above.

[Examples of issues under this question include: Should any of the following topics have received time and attention, or more time and attention, in the workshops than they received: reliability, resilience, price stability, price level, consumer cost, sustainability, security, environmental/public health impact, potential policy initiative impact on rates, etc.? Should additional workshops or other processes be conducted and, if so, what topics should be examined? What actions that may be forthcoming (e.g., FERC actions, PJM or MISO tariff changes, corporate mergers) could impact resource adequacy or this Zone 4 assessment and how?]

There are a number of factors that should be included in the scope of any resource adequacy assessment:

Vistra Merger. The sale of Dynegy to Vistra Energy will potentially impact this process in significant and unknown ways. Late last year, Dynegy was sold in a $1.7 billion dollar deal to Vistra Energy. The new company will have a value of $20 billion with $5.5 billion in excess capital. The sale is not final and is not expected to be until the second quarter of 2018. The ICC and the Governor should wait until the deal is finalized and more details are known to assess any concerns as they should impact any decision made.

Impacts on Health. Health impacts from running old and outdated coal plants should be considered in the ICC's final report. The disproportionate impacts on impoverished communities and people of color should be noted. Artificially propping up these decades-old pollution sources is an environmental justice issue.

Impacts on the Environment. Dynegy's power plants have dozens of unlined coal ash impoundments; huge waste dumps of toxic coal ash that contaminate groundwater and surface waters. Coal-fired power plants continually release pollution into Illinois's waters while in operation. These environmental impacts need to be part of the scope of any policy decision

Impacts of Climate Change. The ICC should consider the impacts of energy sources on climate change in any resource adequacy study. Dynegy's coal plants released an estimated 35 million metric tons of CO2 in 2016, equivalent to one and a half times the emissions from all passenger vehicles in the state. Additionally, the impacts of climate change should be weighed into the resource adequacy studies. For example, as climate warms, water-cooled power plants will likely struggle to meet cooling water temperature regulation and may become less reliable and available.

V. Potential Policy Options

A. What changes, if any, should be made to better enable measurement and assessment of what resources are available to meet Zone 4 resource adequacy requirements?

[Examples of issues under this question should include: Can, and if so how can, MISO's plant retirement process be changed to better enable measurement of resource adequacy? Can, and if so how can, the OMS MISO survey (both load and resources) be revised to better enable assessment of resource adequacy? Can, and if so how can, MISO's load forecasting methodology be revised to better enable assessment of resource adequacy? Is there a role for MISO, Ameren Illinois or the ICC in improving industry trade press reporting of forward market prices for capacity bilaterally traded in MISO Zone? Should MISO renew its search for a MISO-implemented approach such as its former competitive retail solution initiative to assist resource adequacy in Zone 4?]

B. What changes, if any, should be made to MISO's capacity construct including to the MISO planning resource auction to better ensure resource adequacy?

[Examples of issues under this question include: Should MISO move to a forward rather than prompt auction. Should MISO employ a sloped rather than vertical demand curve in its auction design? What changes, if any, should MISO make to address participation of capacity supplied by facilities that recover their costs through regulated rates?]

C. What changes, if any, should be made to MISO's energy or ancillary service constructs that would help maintain resource adequacy?

D. What actions should the Illinois Commerce Commission and/or the Illinois Power Agency take, if any, to address resource adequacy assuming no new legislative authority?

[Examples of issues under this question include: Should the IPA alter its strategy for hedging either energy or capacity Ameren's eligible retail customers?]

No changes should be made at this time. The examples of issues should read "Can, and if so *should*, MISO's…" Presupposing action in the question frames this discussion in a way that is incongruent with the vast majority of responses at the workshops which have called for no action.

E. What actions should the Illinois General Assembly take, if any, to address Zone 4 resource adequacy?

[Examples of issues under this question include: Should the General Assembly pursue any of the legislative approaches addressed in the "Potential Policy Options" section of the November 1, 2017 ICC Staff White Paper. Should the General Assembly authorize the Illinois Commerce Commission to collect information for purposes of assessing resource adequacy from Illinois generation resources?]

No changes should be made at this time. The examples of issues should read “Can, and if so *should*, MISO’s…” Presupposing action in the question frames this discussion in a way that is incongruent with the vast majority of responses at the workshops which have called for no action.

If action is to be considered by the General Assembly, the Community Group’s concerns center on electricity rates and health and environmental impacts. Each legislative alternative should be analyzed with respect to its impact on electricity rates and any alternatives which lengthen the life of coal plants should also be analyzed for health and environmental impacts. Other metrics such as impact on renewable sector growth should also be included.

The Community Group recognizes the impact that the loss of a power plant can have on a town economically dependent on the power plant and encourages discussion on this topic that is centered on the community, not the power plant operator, and explores the ways in which a community can have a equitable economic transition on the event of a closure.

F. Please describe any additional potential policy option(s) you would like to see considered or that you would recommend not be considered.

G. Is it important for any selected policy option to be market-based? If so, why? If not, why not?

A true market-based solution would take into account the external costs of energy production with the rest of the other market impacts of each energy source, such as local pollution, health impacts, and climate change impacts. (See Section IV. 4 for more details). Any market-based solution that ignores these external costs forces the public and the environment to bear some of the costs of coal, natural gas, and other energy sources with significant externalities.